



February 8, 2019

Honorable Lawrence J. Hogan, Jr.
Governor, State of Maryland
State House Annapolis, Maryland 21401

Honorable Thomas V. Mike Miller, Jr.
President, Maryland Senate
State House Annapolis, Maryland 21401

Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House Annapolis, Maryland 21401

Dear Governor Hogan, President Miller and Speaker Busch,

The Stronach Group (TSG) is a collection of world-class technology, entertainment, and real estate development companies with thoroughbred horse racing and pari-mutuel wagering at its core. TSG's Racing & Gaming business owns and operates racetrack properties and training centers across the United States including the Maryland Jockey Club, the operator of Pimlico Race Course, Laurel Park, Bowie Training Center, and Rosecroft Raceway in Maryland. TSG has charted a course that has resulted in the growth of the Maryland racing industry through an increase in the number of live race dates, improved field size and race quality, and growth of handle and inventory of thoroughbred horses. Our company is committed to the modernization of the thoroughbred racing industry in Maryland by engaging a new generation of fans through the implementation of technology and innovative events, and creating a better overall experience for both guests and horsemen.

The Maryland Jockey Club and Maryland thoroughbred racing are core components of TSG's business today and are an essential part of our future plans. It is our goal for Maryland racing to regain a permanent place among the top tier of thoroughbred racing states, including Kentucky, New York, Florida, and California, while also being a strong economic engine for the state. This outcome is very possible, if not probable, but the right steps need to be taken now in order to secure the industry's future in Maryland.



The future of Maryland racing requires a discussion of topics much broader than a single race or a single racing facility. We appreciate the work of the Maryland Stadium Authority (MSA) with two studies conducted over the last three years related to the Pimlico Race Course. MSA's work confirmed two things. First, the Pimlico facility has reached the end of its useful life as a major event venue. Second, the cost associated with a brand-new racing facility is extraordinary – at least \$424 million for the racing related structures alone. To date, we are not aware of any proposal to publicly fund an investment of this magnitude for two days of racing that offer no clear benefit for the remaining 363 days. There is also legitimate concern that moving forward with such a project does not consider what is best for the long-term future of the racing industry.

We have been engaged in discussions with our industry partners, the Maryland Thoroughbred Horsemen's Association (MTHA) and the Maryland Horse Breeders Association (MHBA). With the intention to strengthen Maryland racing and its associated equine and agricultural industries, those discussions have focused on:

- Maintaining a competitive purse structure
- Incentivizing Maryland breeding
- Continuing to grow live racing days in pursuit of year-round racing
- First class training and equine health facilities, provided that there is more than one training location
- Large race fields and quality racing generating a strong simulcast signal
- Improving cost efficiency in racing operations
- Developing a modern, state of the art, destination racing venue for a new generation of racing participants and fans
- Making Maryland racing the epicenter of thoroughbred racing in the mid-Atlantic region, and a national and international model for a new generation of participants and fans

By working together and with the assistance of the state's existing funding programs for purses and racetrack capital improvements, we are making gains in many of these areas.

The most viable plan for Maryland's racing's future involves: (1) a single "super track" serving as the premier venue for major racing events; and (2) a new training and equine health center. Operating under the very reasonable assumption that a public investment of more than \$400 million in a completely new Pimlico is unlikely, it is clear that a super track at Laurel Park and an affiliated training track at Bowie are the best and most logical options.



The proposed Laurel and Bowie construction projects fit within the General Assembly's plan for racetrack capital improvements originally set out in 2007. This approach meets the state's existing funding parameters and does not seek additional state or local financial support. At a total estimated project cost of \$120 million, existing state RFRA funds combined with TSG's commitment to spend \$60 million in matching funds are sufficient to bring Maryland's racing facilities to a modern and first-class level.

Ultimately, a newly renovated Laurel Park is in the best interest of racing and the State of Maryland as a whole. We seek your support for two pieces of legislation in the 2019 Session – (1) a bill authorizing Bowie Training Center to be eligible for existing RFRA funds; and (2) a bill authorizing a portion of existing RFRA funds to be dedicated to MEDCO for the purpose of issuing bonds to finance capital improvements at Laurel Park and the Bowie Training Center. Funding for projects at Laurel Park and/or Bowie may only proceed with approval from the Maryland Racing Commission.

The State of Maryland, City of Baltimore, and local communities have been our hosts and partners for many years, and we want to make it very clear that no matter the outcome of this legislative session and the budget decisions made within, TSG is and will remain steadfastly committed to the communities surrounding Pimlico, Baltimore City, and the entire State of Maryland.

We recognize that the future of the thoroughbred industry as a whole relies on your support and assistance. Together, we can preserve the Preakness Stakes in Maryland, improve the racing industry, realize sustainable year-round horse racing and training, and enhance guest experience and greater fan engagement in Maryland.

Sincerely,

Tim Ritvo
Chief Operating Officer

Cc: Senator Nancy King, Chair, Senate Budget & Taxation Committee
Delegate Anne Kaiser, Chair, House Ways & Means Committee
Maggie McIntosh, Chair, House Appropriations Committee
Hon. Catherine Pugh, Mayor City of Baltimore
Hon. Steuart Pittman, County Executive Anne Arundel County
Hon. Angela Alsobrooks, County Executive Prince George's County
Hon. Michael Algeo, Chairman Maryland Racing Commission



CATHERINE E. PUGH
MAYOR

*100 Holliday Street, Room 250
Baltimore, Maryland 21202*

February 15, 2019

Honorable Lawrence J. Hogan, Jr.
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Dear Governor Hogan, President Miller, and Speaker Busch:

The Stronach Group's (TSG) letter of February 8th from Tim Ritvo is almost laughable in taking credit for the growth in Maryland of the racing industry. It was not TSG, but the Maryland Legislature in directing slots revenue to support racing (\$61 million in purse money and \$10 million in Racetrack Facilities Renewal Account (RFRA) funds in 2018 alone) that is responsible for the growth of Maryland horseracing, breeding, and training.

TSG further proposes that the State monetize the RFRA funding through MEDCO (HB0990). They want the funds to improve Bowie (which is important as a training center) and to finance further development at Laurel. Any decision regarding monetizing RFRA should be carefully considered by the Workgroup recommended in the City's SB800/HB1190. Any monetizing move should not be taken hastily and certainly not without an examination of TSG's ability to financially support their project, and put in place adequate security to cover TSG's matching fund responsibility. House Bill 990 proposes monetizing RFRA by granting the Maryland Economic Development Corporation (MEDCO) authority to issue bonds to support millions of dollars of investment at Laurel Park and Bowie. As proposed, the debt would be secured by the annual RFRA payments. The Bill goes on to provide that one half of the debt service would be reimbursed to the State by TSG. This legislation raises the obvious question as to why the State, acting through MEDCO, would issue millions of dollars of debt for a private enterprise on the promise of one half reimbursement by the enterprise.

This is an enterprise which has filed for bankruptcy in the recent past and whose significant financial challenges are presently being reported in the media. How to ensure that TSG actually fulfills their long-term financial obligation to MEDCO and the State for bond debt service should be addressed before any commitment to TSG is even considered. The proposed monetizing by TSG is a highly risky proposition for taxpayers. What is the security if TSG does not pay its share of the debt or once again files for bankruptcy. A detailed financial review of TSG must be done by an independent authority prior to even entertaining such a financial arrangement to make certain that taxpayers are not stuck with the bill for developing TSG's facilities. Certainly, before throwing away the racing tradition of the Preakness Stakes, the annual Super Bowl of Baltimore City, and a generator of significant revenue for Maryland, TSG should be required to demonstrate that they have the bandwidth to create their recently announced "super track".

Their company is in disarray, with father, daughter, son, and now granddaughter suing one another in multiple law suits. There have been serious allegations of substantial financial waste and dire fiscal circumstances. Don't forget TSG's bankruptcy filing in the past to avoid their obligations. Do they have the financial wherewithal to support any of the promises contained in their letter of February 8th? When using 87% of the RFRA money spent on capital to date for Laurel, TSG never mentioned creating a "super track". Investigating their ability to put their money where their promises are, should be determined first. Remember their promises to the people of Park Heights about their stewardship and about not deserting them? They prepared their own Park Heights/Pimlico redevelopment plan, but have done nothing to move it forward. Their Pimlico/Park Heights plan would require millions in TSG investment. That's if you dare to believe it. It is disingenuous for them to say they would invest in Pimlico when they have 300 acres at their Laurel location to develop around a promised "super track". We should not trust, and we should certainly verify.

TSG's constant statements that at least \$424 million in funding for Pimlico is needed for racing related structures alone is patently false. The Maryland Stadium Authority (MSA) Study put the racetrack readjustment and construction cost at \$29 million and that is the only cost solely associated with racing. All the other expenses are to create a 365-day venue that will support a redeveloped Pimlico/Park Heights community. Their statement that the City and local Park Heights communities have been TSG's "hosts and partners for many years", and that, regardless of moving the Preakness to Laurel, TSG will remain steadfastly committed to Pimlico communities rings hollow. They will leave Pimlico a fenced-in vacant lot with failing structures. TSG allowed Pimlico to deteriorate even when they had State RFRA money to maintain and improve it. With execution of the MSA Phase II Plan, however, they would actually live up to their commitment to Pimlico/Park Heights, something they have never done.

The MSA's Plan for a clubhouse/civic building, infield athletic fields, infrastructure, and demolition will all support the redevelopment of Pimlico/Park Heights and allow Baltimore to host the historic Preakness Stakes in even grander style. The community would realize a rebirth with thousands of new jobs resulting from an expanded Sinai Hospital/LifeBridge campus, a new hotel, medical residents building, senior living complex, grocery store, and other housing and retail. There would also be year round outdoor athletics and indoor recreation for the community.

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The Maryland Million, a one-day stakes program offering purses totaling \$1 million and held at Laurel Park, has had no revenue impact in Baltimore and not much for the State. Why would we think a Laurel Preakness would be different? Other than National Harbor, the advantage of a Laurel location would be in the best interest of Washington DC. Washington's hotels and restaurants would reap a bonanza, not Maryland, and especially not Baltimore.

The State has an opportunity to support horseracing and breeding by supporting Old Hilltop and its 140-year tradition, and at the same time leave a transformative legacy for Baltimore and Maryland. A redesigned race course and expanded Sinai Hospital would anchor the Pimlico/Park Heights redevelopment that the community desperately needs. Allowing a wealthy family from another country to use Maryland tax money for a racetrack to have as their anchor for the development of their 300-acre site in Laurel would be a travesty. TSG would be enriched and Maryland would be diminished.

I ask that you support doing the right thing for the people of Pimlico/Park Heights, the City of Baltimore and the State of Maryland. Endorse the City's SB800 and HB1190. Let's have the Bills Workgroup get started on determining from all sources, including TSG, how to finance the new Pimlico/Park Heights with its prestigious Preakness Stakes.

Thank you and I look forward to your support.

Sincerely,



Catherine E. Pugh
Mayor
City of Baltimore

cc: Maryland Senate
Maryland House of Delegates
Baltimore City Council
The Honorable Calvin Ball, Howard County Executive
The Honorable John A. Olszewski, Jr., Baltimore County Executive
The Honorable Barry Glassman, Harford County Executive
The Honorable Steuart Pittman, Anne Arundel County Executive
Thomas Kelso, Maryland Stadium Authority
Brian White, Sinai/LifeBridge
Marcus Pollack, Park Heights Renaissance Inc.
Maria Tildon, Co-Chair of Friends of Pimlico's Preakness
John Moag, Co-Chair of Friends of Pimlico's Preakness